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Convener to the Local Government, Housing and
Planning Committee

Copied to

John Swinney MSP, Deputy First Minister
Kate Forbes MSP, Cabinet Secretary for Finance
and the Economy

By email

13 July 2022

Dear Convener,

Thank you for your letter of 24 June regarding the Local Governance Review. I was delighted to recently assume portfolio responsibility for this important work, and the Deputy First Minister has asked me to respond.

I am pleased that the Local Government, Housing and Planning Committee is interested in how strengthening local democracy can improve outcomes for people. I have no doubt that had it not been for COVID we would be far further forward with the review process. Our response to the pandemic demonstrated what can be achieved when the two spheres of government, and our wider public service partners, work collaboratively with each other and local people. The review will continue to be taken forward in partnership with COSLA, and it was important for us to wait until after the recent Local Government elections before agreeing next steps.

The *Investing in Scotland's Future: Resource Spending Review* highlights the vital role Local Authorities play in the success of Scotland's public services. It also confirms that the Scottish Government will work closely with COSLA to agree a New Deal for Local Government, in advance of the next financial year. The New Deal will be based on the twin pillars of a new Fiscal Framework and an accompanying partnership agreement for Local Government.

The Fiscal Framework will aim to provide a space for dialogue and exploration for delivering greater flexibility over financial arrangements and fiscal powers for Local Government, based on a clear commitment to delivering our shared priorities and outcomes, whilst ensuring maximum value for money.

You also mention the preparatory work on a Citizens' Assembly on sources of Local Government funding. We are progressing plans to establish a working group to oversee the development of effective deliberative engagement on this issue, including Council Tax. We will be setting timescales so this reform work is delivered within the current parliamentary

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session. We expect that it will require a minimum of 18 months to establish, recruit, and report. Once the final report is delivered we expect that a response to the recommendations would be debated in Parliament and agreed within six months.

The New Deal for Local Government will build on the Local Governance Review, and also help to bring a sharpened focus on ensuring the review arrives at a set of findings which can transform local democracy in Scotland. The proposals for alternative governance arrangements in ten places across Scotland, which councils have already submitted through the review process, provide a starting point for considering together how to make the most of the opportunity for change in the new context.

We must also continue to involve other key interests. The community sector in particular can help to ensure that any new decision-making arrangements at local level will build community capacity in ways which empower local people. Our ambition is to further enable the type of creative responses to local challenges which came to the fore during the pandemic, and which can help to ensure a lasting recovery and positive future for all our communities.

All of this activity is interlinked and must be taken forward as a coherent reform package, in partnership with COSLA. I fully agree that with the COSLA presidential team now in place, the time is right to take this important work forward at pace. I look forward to further, more detailed, discussions with you and the committee as the review and related work progresses over the course of this parliament.

Yours sincerely,

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